Meeting the Challenges and Opportunities of the Energy Transition Act

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New Mexico – Energy Transition Act

- In 2019, New Mexico passed the Energy Transition Act (ETA), one of the most ambitious pieces of clean-energy legislation in the United States.

- Many parts to ETA, but the centerpiece is the Renewable Portfolio Standard
  - 40% renewables by 2025
  - 50% renewables by 2030
  - 80% zero-emissions by 2040
  - 100% zero-emissions by 2045

- Meeting these targets in a cost-effective and productive manner requires great coordination among governments (local, state, and federal), utilities, rural cooperatives, colleges and universities, and private industry

Technology Deployment

Wind, Solar, and Batteries being deployed now.

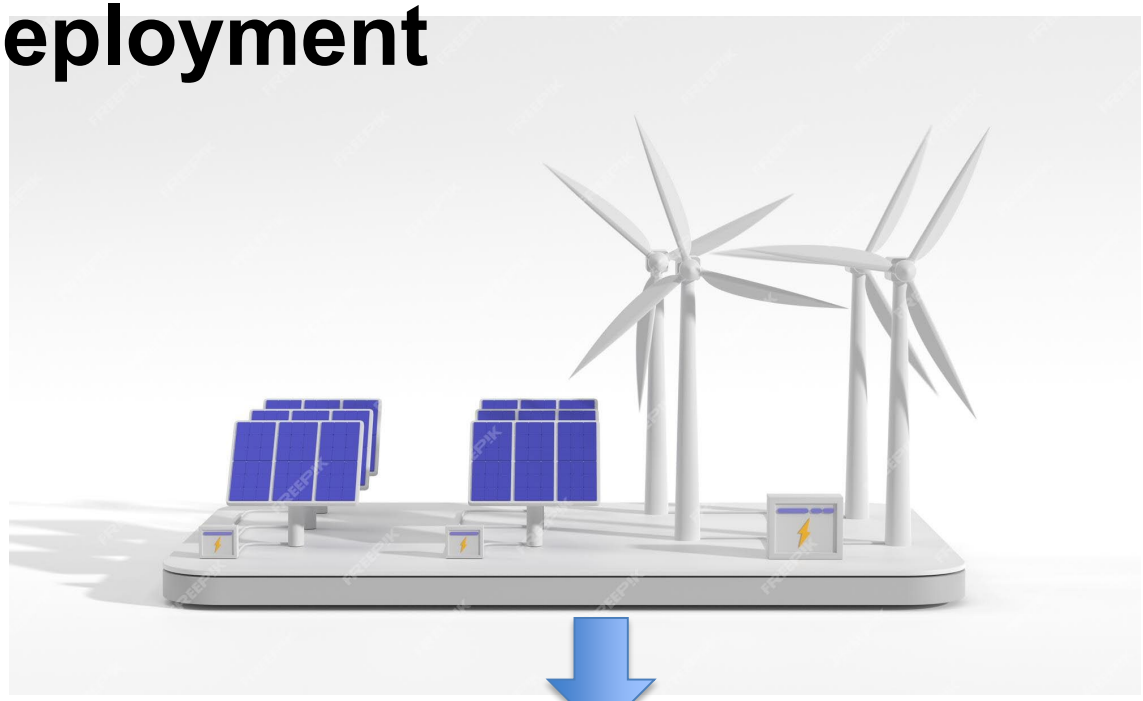
NM eventually needs long-duration energy storage and/or dispatchable zero-emission generators.

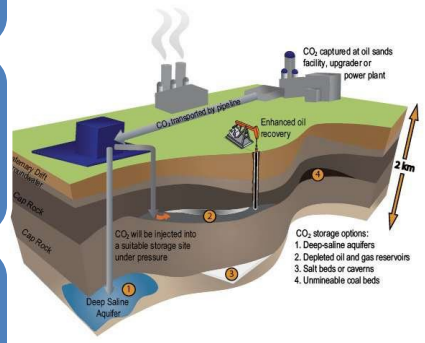
- **Problem: These technologies are still developing.**

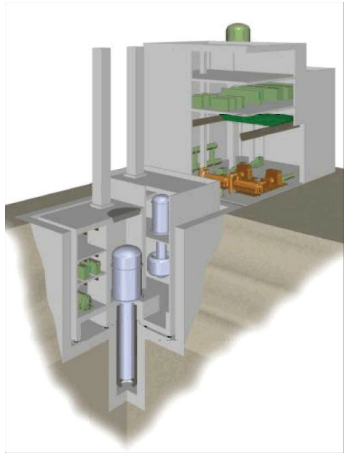
Role for the state in securing govt. funding and promoting public-private partnerships to deploy new technologies.

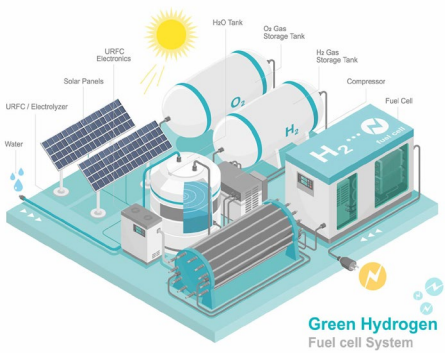
Likely will need to keep existing gas & permit new gas generation to secure reliable, low-cost power as these technologies mature.

Further studies are also needed to consider the best way to work these new technologies into the procurement process.









Transmission

DOE has identified a great need for NM to expand transmission beyond its borders.

There is an opportunity for NM to take a leadership role in convening regional and inter-regional transmission planning.

- **NM is uniquely positioned as it straddles interconnects and its proximity to ERCOT.**

To maximize the value of its renewable resources and ensure greater reliability and resiliency, the state should strive to increase connectivity to other parts of the West, Plains, and ERCOT.

Demand-side Interventions

Demand-side interventions can reduce the need to build expensive and difficult-to-site infrastructure.

NM regulators should work with the State's IOUs and REDC to form innovative electricity pricing and energy efficiency deployment strategies.

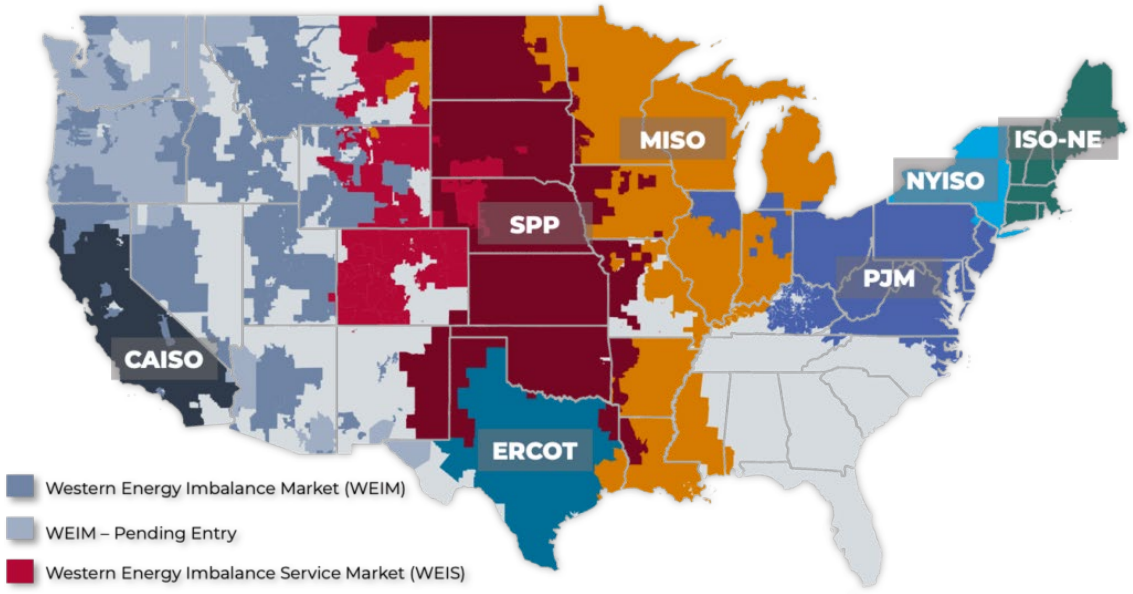
Regulators should encourage electricityproviders to use more data-driven methods of identifying residential, commercial, and industrial users for energy efficiency upgrades.

Market Opportunities

ISO/RTO offer man cost-saving efficiencies over traditional bilateral trading regions.

ISO/RTO also provide a more unified approach to transmission planning over large market footprints.

NM officials have a role to play in exploring the ISO/RTO options for its utilities or at least toward pushing more involvement in the western energy imbalance.



Rural Electric Distribution Cooperatives (REDCs)

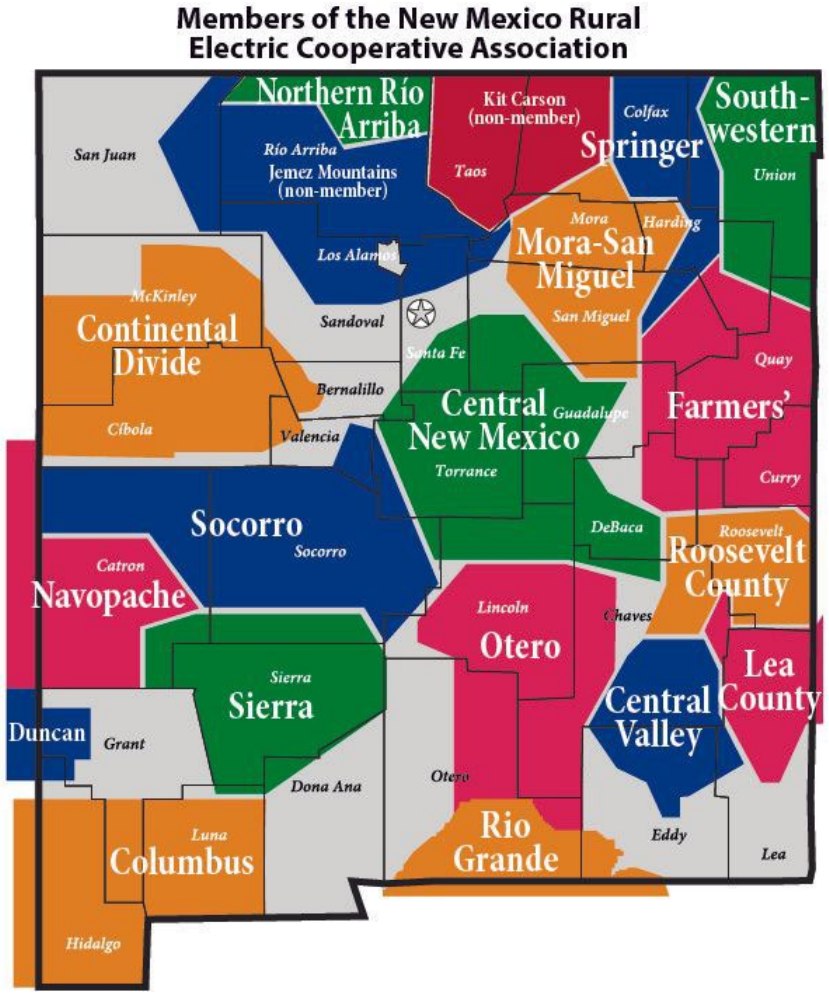
REDCS play a critical role in powering the state's rural communities.

The energy mix that REDCs receive is dictated by their contracted G&T associations (KCEC is the exception).

If G&T assoc. are not moving quickly or efficiently to cleaner power, meeting the ETA goals may prove to be costly for REDCs.

- **Problem: Exiting contracts with G&T assoc. is very expensive.**
- **State officials may need to assist REDCs explore alternatives to their legacy providers.**

State officials can also assist REDCs secure the billions in clean energy incentives offered to REDCs exclusively under the IRA/IIJA.



Workforce & Economic Development

Deployment of infrastructure needed to meet ETA require well-trained workforce.

A skilled workforce is needed to attract clean energy manufacturing businesses.

The state already has several programs to train new hires and help retrain workers formerly employed at legacy energy sources.

- **However, there $Bs of federal funding opportunities to enhance these training programs.**

State officials have a role to play in coordinating efforts to maximize its share of the unprecedented federal funding opportunities and continue the funding of education centers.